

## Asia: A Continent of Contrasts

Rice paddies ... microchips ... refugees ... the Bombay and Hong Kong Stock Exchanges ... images of Asia today. The world's largest continent displays every extreme. Geographically, it presents the towering Himalayan mountain range, tropical jungles and vast empty desert. It boasts many cultures, religious and political systems. Economically, the poorest of the poor still live beside the highest levels of technological advancement of industrialized nations.

Asia's countries cannot be viewed as a single unit. Responding to different environments and challenges, they are at varied stages of economic and social development. Per capita income ranges from U.S. \$193 in Bangladesh to U.S. \$6,900 in Singapore and U.S. \$13,965 in Japan. And although 90 per cent of the world's absolute poor live within Asia, the members of ASEAN\* have had the world's highest regional growth rate in recent years.

Such contrasts, along with staggering population totals, make Asia the fundamental global development problem. It is home to more than half the human race — over 2.5 billion people are in varying degrees of need. Development responses not only have to meet basic human needs, but must be tailored to the sophisticated demands of the more prosperous nations as well, while cultures must be respected to ensure that Asia develops in harmony with its own values.

\* Association of Southeast Asian Nations. Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

## Asia's Development Challenge: The Problems

Mass poverty is the overwhelming obstacle to development in Asia. In 20 developing countries, 600 million people die too young — because of preventable diseases (such as dysentery, measles, malaria); inadequate shelter, contaminated water, abysmally low incomes, poor nutrition, and infant mortality rates as high as 25 per cent. Short lives and poor health work against education and against appropriate family size — and unless Asia makes the most of its human potential, development will not happen.

Population pressures, environmental degradation, food shortages and unfavorable climate are interrelated factors that further compound the problem. As a result of deforestation, erosion and depletion of soil fertility, only 10 per cent of Asia's land is fertile. Massive populations add to the stress on limited agricultural resources, while Asia is also vulnerable to flood and drought, placing a further burden on its capacity to produce.

Canadian International Development Agency Agence canadienne de développement international

CAI  
1981  
2018



# ASIA

Canadian Development Assistance

Political and cultural roadblocks can also obstruct development in rapidly industrializing societies. Some political systems in Asia are not very responsive to change, and the low status of women in many Asian cultures seriously slows development progress. Limited energy sources, scarcity of high technology, and rapid urbanization present further problems.

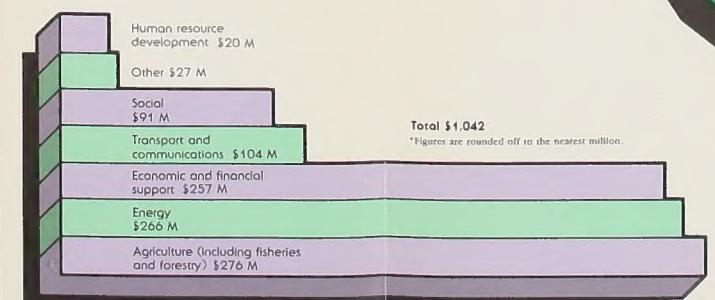
### Basic Indicators

	Population (million)	Infant mortality per 1,000	Life expectancy (years)	GNP per capita (1985) U.S.\$
Bangladesh	106.6	119	49.6	150
Bhutan	1.1	128	47.9	160
Burma	38.6	63	59.5	17,580
China	1,085.0	32	69.4	310
India	786.3	99	57.9	250
Indonesia	172.4	74	56	530
Kampuchea	7.0	130	48.4	N/A
Korea, North	21.3	34	62.4	2,180
Korea, South	42.6	24	69.4	—
Laos	4.3	110	52	—
Malaysia	16.2	26	68.6	2,050
Maldives	.1	N/A	55.6	290
Nepal	17.2	128	47.9	160
Pakistan	109.0	109	52.1	380
Papua New Guinea	3.6	62	54	710
Philippines	57.0	45	63.5	600
Singapore	2.6	9	72.8	7,420
Sri Lanka	16.7	33	70	370
Thailand	53.1	39	64.2	830
Viet Nam	62.1	67	60.8	—

N/A: not available

\*estimated to be under \$401

### Government-to-government disbursements in Asia by sector, 1982-86\* (\$ million)



## Asia's Progress: Trade as Aid

Despite the overwhelming poverty in much of Asia, many nations have made astounding economic and social progress. For example ... self-sufficiency in food production — which seemed impossible a dozen years ago — has been achieved by a nation that once imported rice in Bangladesh, Brunei, China, India, Malaysia, Pakistan and Thailand. The six ASEAN member nations are in varying stages of advanced industrial and technological development. India has become one of the world's top 10 industrial nations. The Philippines now graduates twice as many people from university as does Canada. By the year 2000, it is estimated that four billion Asians (or two-thirds of the world's population) will produce half of the world's goods and services from an industrial base more diversified than that of Europe and North America combined. So Asia is home to most of the world's people, poverty and progress.

The fact that Asia is both weak and strong, in economic terms, calls for a dualistic approach to development cooperation. While the traditional pattern is still appropriate for development assistance to the poorer countries, a more enlightened and broader trade and investment partnership must be developed between Canada and most of these rapidly emerging Asian nations. Investment, trade, joint ventures and the transfer of technology are all part of this new approach to the economics of Asia. The benefits are clearly mutual — in other words, if a Canadian firm helps to supply a need in the developing world, both sides benefit.

## What Is Canada Doing for Asia?

Canada's development assistance began in Asia in the early 1950s with the Colombo Plan — an effort by the Commonwealth countries to help new nations in southern Asia achieve economic and social progress. Over the years, more than half of Canada's bilateral (country-to-country) assistance has gone to Asia. The Asia program is still CIDA's largest (\$346 million in 1985-86) and it is concentrated on agriculture and rural development, energy and human resource development.

Canada assists 19 countries in Asia, but efforts focus on nine core countries chosen on the basis of need and commitment to development — Bangladesh, China, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka and Thailand. At present, there are over 300 bilateral projects, valued at more than \$2 billion.

CIDA's Asia program has four main goals:

- to respond to increasingly diverse problems by enabling the victims of mass poverty to achieve basic human development, while helping to meet Asia's need for infrastructure and advanced technology;
- to contribute to an effective Canadian foreign policy in Asia, by taking initiatives to complement other instruments of Canadian foreign policy such as trade promotion, technology transfer, joint ventures and equity investment;
- to foster greater knowledge and understanding among Canadians about international cooperation and development issues;
- and to place priority on the role of women in development and the impact of development on women.

To achieve these objectives, CIDA provides assistance through four main channels:

- bilateral (country-to-country) assistance includes food aid, infrastructure development (dams, railways, etc.), projects in such fields as agriculture and energy, lines of credit and technical assistance in 19 Asian countries;
- multilateral development banks help finance worldwide work of United Nations agencies and development banks;
- special programs support the initiatives of Canadian non-governmental organizations (NGOs) and institutions, and of international NGOs;
- business cooperation programs encourage Canadian firms to create joint ventures with Third World business and to transfer technology to developing countries.

To promote economic and social development, CIDA has funded hundreds of projects — in, for example, water resources, transportation, women's programs, technical assistance, environmental protection, rural development, technology transfer, health and education. A few examples:

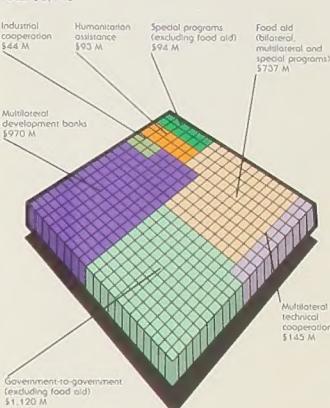
- a very large oilseed development project in India is increasing the income of poor families and boosting the production of food (cotton, oilseeds);
- in Bangladesh, Canada is providing \$5.9 million over five years to help rural women earn income and gain a role in their society through women's cooperatives;
- the Jiagedaqi model forest fire management project is helping China to conserve its scarce forest resources;
- a civil aviation project in mountainous Nepal is strengthening air links with isolated regions;
- in the Philippines, CIDA is providing a \$5 million contribution for a national immunization program to protect children from polio, diphtheria, whooping cough, tetanus, measles and tuberculosis;
- an urban social development program is upgrading and rehabilitating slum housing in Sri Lanka, with CIDA contributing \$4.7 million and UNICEF administering the work;
- and an open university project in Indonesia provides distance learning opportunities for thousands of people in the outlying islands.

Asia is also the site of some of Canada's mega-projects. The Chameri hydroelectric project in India (co-financed with Canada's Export Development Corporation) is CIDA's largest project and could become a landmark for Canadian cooperation. The total loan amounts to \$217 million and anticipated completion is in 1990. In China, CIDA has agreed to fund a study to examine the feasibility of the Three Gorges hydroelectric project at a cost of \$8 million. With a potential of generating 14,800 megawatts of power — three times the size of Quebec's LG-2 complex — Three Gorges would be the largest hydroelectric complex in the world if the project goes ahead.

## Canada's Official Development Assistance to Asia, 1981-86\*

(\$ million)

Total \$3,145



## Anticipated Results of Aid:

### Medium-term:

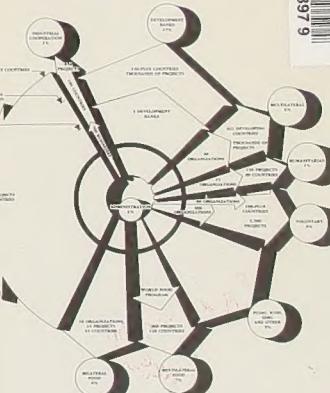
- more food production to improve nutrition and meet the needs of growing populations;
- increased energy self-sufficiency to meet rapidly growing agricultural and industrial demands;
- better health, education and institutions, which will lead to lower rates of population increase (because experience shows that when quality of life rises, high birth rates ultimately fall);
- greater involvement of Canada's private sector in long-term economic development of Asia;
- more effective Canadian foreign policy in Asia.

### Long-term:

- emergence of Asia as an increasingly positive and self-reliant partner in the world;
- movement away from the traditional donor/recipient relationship towards broad economic cooperation between Canada and Asia in trade and investment.

(For further information on sectors and projects, please see the back of this sheet)

## Canada's Development Assistance (1987-88)



### Legend

Countries with Gross National Product per capita

- under \$400 (U.S.)
- from \$401 to \$1,635 (U.S.)
- from \$1,636 to \$4,300 (U.S.)
- over \$4,300
- not available

Oceania  
\$25 M

Other regional disbursements, Asia \$72 M

Note: The figures represent CIDA's disbursements in Asia during the past five years through all channels. They are rounded off to the nearest million. See CIDA's Annual Reports for exact disbursements by year.

Canada

## Agriculture



The importance of agriculture to Asian economies varies widely. While countries like Bangladesh and Nepal depend heavily on their farms for economic growth, Singapore and Korea, and increasingly, India and Thailand, rely on their industries. Despite such differences, three Asians out of every four are farmers or rural landless poor, and subsistence farming remains the basic occupation.

Obstacles to agricultural progress in Asia range from pests to the weather. Food shortages often result from policies that neglect agricultural development or encourage only export crops. Many Asian farmers lack access to credit so cannot buy essential inputs, such as improved seeds or fertilizers. Inadequate transportation to markets is a problem. So is water — too much, coming in frequent floods, or too little, turning good land into desert. Salinization also ruins countless fields: when irrigated land is poorly drained, the underground water table rises to the surface, and evaporation leaves a salt crust that kills crops.

However, in recent years, dramatic progress has been made toward solving such problems in agriculture all across Asia. The Green Revolution — one of the most remarkable stories in the history of agriculture — has been especially striking in Asia, partly because the continent has abundant water. It has meant rapid increases in wheat and rice yields, as farmers switch from traditional to improved varieties and begin using fertilizers.

Indonesia, for example, was a heavy rice importer, but now exports rice. Skeptics have argued that only large farmers can afford to adopt new yield-increasing techniques, so the relatively rich reap the benefit at the expense of the rural poor. Increasing evidence shows, however, that while large farmers were first to change, small farmers have followed — to their benefit. In fact, gains tend to be bigger for smaller farms, where more attention can be given to each plant.

Besides the Green Revolution, China deserves mention on its own because of its unparalleled success in agricultural production since 1978. The dismantling of the Cultural Revolution families were allowed to sell part of what they produced at market. By 1984, this was the norm — and agricultural output rose by 8 per cent per year between 1978 and 1984. The supply of grain per person rose by 30 per cent and three times as much vegetable oil was available. This transformation in an agricultural economy is considered one of the most far-reaching of the 20th century.

For Asia's future, CIDA regards rural development and increased agricultural productivity as the keys to development progress — based on broad, self-sustaining economic growth. CIDA is helping countries to identify their agricultural priorities and to work closely with Canadian capabilities. It also promotes agricultural development by supporting the International Fund for Agricultural Development and the international research centres of the Consultative Group on International Agricultural Research, which did much of the research that made the Green Revolution possible.

CIDA's support for activities in agriculture includes everything from controlling plant and animal diseases, improving irrigation and drainage, and making credit available for farmers, to processing and preserving food, and providing training and marketing services. Major projects include:

### Integrated rural development

In Nepal's poorest rural districts, CIDA is supporting a large integrated rural development project (\$12.3 million). In heavily terraced hills and mountains sprinkled with small villages, the project includes 200-300 components aimed at meeting basic needs and improving the quality of life — small-scale drinking water and irrigation systems, health-care centres, family planning programs, and the maintenance of village trails. Community participation is the cornerstone.

### Land and water development

In Pakistan, crop yields are down because of waterlogging and salinization. To correct this, CIDA has joined the World Bank and the Government of Pakistan in a large-scale salinity control and reclamation project covering 28,000 hectares in the Northwest Frontier Province. CIDA's \$30 million contribution will increase production on 4,800 hectares, making extensive use of Canadian drainage expertise.

### Grain storage

In Bangladesh, CIDA provided \$6.3 million for the construction of 29 food grain warehouses of 500-1000 tonnes capacity. The second phase (\$4 million) focuses on rehabilitation and training.

## Community development

On the island of Negros in the Philippines, an \$11 million project is helping small farmers to displace sugar workers diversify sources of income because of a diminished demand for sugar. Roughly 25 per cent of the funds have been allocated to agro-forestry, 50 per cent to crop diversification and 25 per cent to small enterprises.

## Energy



The energy problems of Asia's developing nations are as diverse as the countries themselves. Oil-producers such as Indonesia and Malaysia contrast sharply with oil-importers like Pakistan and the Philippines. Serious fuelwood shortages exist — but not everywhere, and there is a vast difference between the needs of countries dependent on oil and those dependent on wood or charcoal for energy.

The Asian energy problem has many dimensions. Oil price hikes in 1973 and 1979 severely hurt the ability of most developing countries to pursue their own development. Much of their export earnings had to be used to pay for oil imports, at the expense of essential investments in other fields. To reduce the burden, local energy resources had to be developed, often at high capital cost. And, relative to their area, Asia's developing nations are not well-endowed with sources of energy, compared to most other regions of the world.

Energy problems differ also from the city to the countryside. In urban areas, the immediate problem is to ensure adequate oil supplies. Between 1978 and 1990, it is expected that demand for this commercial energy will have more than doubled. Villages and farms rely more on non-commercial energy in the form of biomass — things that can be burned, including charcoal, dung and corn cobs. In countries such as Bangladesh and Nepal, these non-commercial fuels account for more than 75 per cent of total energy consumption, and even in countries where the share of non-commercial energy is smaller, households depend almost entirely on such fuels. But the resources

available per person are shrinking, and some families now can have only one cooked meal a day, or even one every second day.

The link between energy and development is crucial, and CIDA has sharply increased its financial assistance to energy projects. The World Bank and the Asian Development Bank, which Canada contributes to — have more than doubled their energy programs. CIDA also supports energy development through the United Nations Development Program (UNDP).

Some examples of CIDA activities in the energy sector are:

### Oil and gas

Canada has financed drilling and exploration equipment so countries can develop their own resources. A \$39.8 million project for oil and gas exploration in Pakistan is under way, as is a similar one for \$51 million in Bangladesh.

### Energy planning

In Nepal, CIDA is funding a water and hydroelectric resources project. It is helping the government to help the country realize its best investment opportunities, as well as training for local people in planning and improved data collection. In Bangladesh, technical assistance is helping the country operate its electrical systems more efficiently. In China, CIDA is financing feasibility studies for the massive Three Gorges hydroelectric project. In addition, the South China power studies project is providing technology transfer and training in high voltage transmission.

### Hydroelectric power

CIDA's largest single initiative is the Chamera hydroelectric project in India — the design and construction of a 540 MW hydroelectric station. The goal is to strengthen India's hydro development through technology transfer and the training of staff in design, project management, construction, supervision and procurement practices. Total contributions from CIDA amount to \$217 million, with the major part of the Canadian financing of an additional \$403 million through the Export Development Corporation.

### Fuelwood crisis

Wood, the fuel of the poor, is the main source of energy for much of the developing world — and forests are disappearing fast. The problem is particularly acute in India where 1.5 million hectares of forest land are lost each year. Canada has contributed \$44 million to reforestation in the rural areas of Andhra Pradesh through a five-year "social forestry" program designed to train villagers in the management and use of forest land. More than 60 million tree seedlings were supplied to the area in the first two years of the project. CIDA is also assisting a biogas program in India that has made this renewable cooking fuel — a methane by-product of human and animal waste — available to 200,000 people.

## Human Resource Development



People are the beginning and end of development. It's only by improving the capabilities of its people that any country can ensure that development will be real, will serve national goals and produce a more self-reliant society.

Investing in people, even at its most basic level, produces far-reaching results. According to the World Bank, primary education can yield returns of up to 20 per cent in economic terms — it saves babies' lives, slows population growth rates, boosts agricultural productivity and improves health. Farmers with only four years of primary education produce 8 per cent more than those with none. And an additional year of schooling for a girl translates into a reduction of 9 per thousand in the infant mortality rate when she later becomes a mother.

This investment in human capital — through education and training, with emphasis on strengthening technical and management skills — is one of CIDA's top priorities. CIDA has supported human resource development in Asia by providing education in Canada and in Third World countries to Asian students, by training managers and technicians, by providing technical assistance as part of development projects, by financing educational and technical schools, and by supporting the efforts of multilateral and non-governmental organizations. Over the past four years, CIDA has provided more than \$100 million for this purpose in a broad range of fields, including health, education, agriculture, cooperatives, and public administration. A special aim is to encourage the leadership skills needed to bring community development schemes to life. For example:

- a human development training program carried out by WUSC (World University Service of Canada) involves training and creating appropriate skills from China in industrial, agricultural and university politics across Canada. These officers will transfer the knowledge they gain in Canada to others when they return home.

## Many-Sided Aid

Multilateral ('many-sided') assistance means people helping people through the work of a wide range of specialized international bodies. Canada contributes to about 40 such organizations active in Asia — financial institutions, UN agencies, development and research groups.

The World Bank is the biggest single source of help for the Third World, and the largest external supporter of Asian development. In 1985-86, Canada contributed \$351.4 million to the Bank. India, Indonesia, China and Bangladesh were among the biggest borrowers, for projects concentrated in agriculture, energy and transportation.

The Asian Development Bank (AsDB), headquartered in Manila, is Asia's main regional development financial institution. Canadian funding to the Bank amounted to \$91.87 million in 1985-86. Agriculture and agro-industry accounted for the largest share of cumulative Bank lending (55.1 per cent), followed by energy (17.9 per cent). Like the other multilateral development banks, the AsDB concentrates on long-term development projects.

Numerous United Nations agencies play vital roles in Asia's development efforts. The United Nations Development Program (UNDP), through diverse programs of technical cooperation and training, promotes national self-reliance and human resource development. The UN Children's Fund (UNICEF) is well-known for its programs to help the most vulnerable people — mothers and children — in basic health, clean water and education. The UN Fund for Population Activities (UNFPA) is tackling the population explosion, a problem that threatens to increase the number of Asians to four billion by the year 2000. Canada's multilateral contributions in 1985-86 included: UNDP \$59 million, UNICEF \$13 million, and UNFPA \$10 million.

Progress in food production, Asia's most basic need, is the main goal of the Consultative Group on International Agricultural Research (CGIAR). Through its 13 agricultural research centres and programs located around the world, it finds ways to increase food production in the Third World. The Green Revolution in rice and wheat production, which has saved a large amount of Asian life, is the single most important role played by one of these 13 centres: the International Rice Research Institute (IRRI) based in the Philippines, and the International Wheat and Maize Improvement Center (CIMMYT) in Mexico. Canada contributed \$13.5 million to CGIAR in 1985-86.

The World Food Program (WFP) helps feed vulnerable groups, particularly mothers and children, and supports food-for-work projects that allow the poor to earn the food while working for their country's development — for instance, by building roads and dams. The WFP also plays a significant role in providing emergency relief in the event of natural disasters and refugee situations. The WFP provided about \$1.6 billion in aid to Asia from 1981

• in Thailand, the Institutional Linkages Program is strengthening the ability of Thai universities to contribute to their country's development. Linkages are being built in areas of mutual benefit to Canada and Thailand, such as energy, natural resource development and institution-building.

• for India, CIDA has put in place a professional development and training mechanism (\$5 million over five years) to provide management and technical training to Indian middle-level managers in the public, para-public and private sectors.

• a general training program for Indonesia (\$9 million over five years) was also recently approved to provide professional training in Canada to Indonesians in fields such as water resources, civil engineering, management and science and technology.

## Environment



assists ASEAN countries to develop an adequate supply of improved and quality seed of selected species used in reforestation.

## Women in Development



"Women hold up half the sky."  
a Chinese proverb

modern technology. Projects already under way include women's cooperatives which try to strengthen the role of women in Bangladesh by helping them to earn incomes, and through programs in family planning and mother-and-child health. At the Kamal-Beri integrated rural development project in Nepal, help is given to earn better farm management, and to involve them in health care, irrigation, conservation and forestry. In Pakistan, a major coordinated project has assisted the government in mapping out a strategy to develop institutions and support projects that will increase the impact and benefits to women. In Sri Lanka, China and Thailand, major initiatives are also under way to significantly increase women's development programming.

## Transport



Transport is a basic, essential element of a country's economic life. Here at home, Canadians know the key role that the building of the trans-Canada railway played in the development of different regions of their own country.

In Asia, the development of transport is at least as vital — especially for the rural areas, where most people live. A well-structured, efficient transport network enables a country or region to progress beyond a subsistence economy, by giving its products access to new markets and by making the exchange of goods and services easier. It reduces the isolation and dependence of remote regions, allows people to benefit from jobs, health and educational services, and encourages agricultural productivity, and the development of natural resources.

CIDA supports the efforts of many Asian countries anxious to improve transportation networks. In Bangladesh, a five-year, \$60 million program is helping to improve the operation of Bangladesh Railways. Navigational equipment has been supplied to Burma, as well as airport visual aids

to 1985. Canada, the second-largest donor, supports 20 per cent of the World Food Program in global terms and contributed \$150.3 million in 1985-86.

Ten million people in our world today are refugees, driven from their homes by war, civil strife and environmental pressures. About half of them are Asian, including over two million Afghan refugees — the world's biggest refugee problem. The United Nations High Commissioner for Refugees (UNHCR) — twice awarded the Nobel peace prize — protects refugees and tries to solve their problems. Over the last five years, UNHCR has provided about \$1.2 billion in assistance worldwide, while Canada has contributed over \$17 million each year over the last five years in general support.

Multilateral assistance carries no flag. Funds, resources and people from many countries are pooled and work together, often achieving things that no one country could do. But when a water system is financed by a development bank, a miracle crop is discovered by an international agriculture research centre, or a human life is saved by a UN agency, Canadians have helped it happen.

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